

Adopted	Rejected
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COMMITTEE REPORT

YES:	18
NO:	3

MR. SPEAKER:

*Your Committee on Ways and Means, to which was referred House Bill 1056, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill **be amended** as follows:*

1 Page 5, between lines 21 and 22, begin a new paragraph and insert:
2 "SECTION 2. IC 36-8-8-8.3 IS ADDED TO THE INDIANA CODE
3 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
4 1, 2009]: **Sec. 8.3. (a) If the requirements of subsection (b) are**
5 **satisfied, a fund member who:**
6 **(1) completes at least one (1) year of active service for which**
7 **the 1977 fund gives credit;**
8 **(2) serves on active duty in the armed services of the United**
9 **States for at least six (6) months;**
10 **(3) receives an honorable discharge from the armed services;**
11 **(4) is not entitled to receive a benefit from the armed services**
12 **of the United States or another governmental retirement**
13 **system for the active duty service; and**
14 **(5) has not received credit in the 1977 fund for the active duty**

1 service under another section of this chapter;
 2 is entitled to service credit in the 1977 fund in an amount equal to
 3 the length of the fund member's military service. However, not
 4 more than six (6) years of service credit in the 1977 fund may be
 5 granted under this section. The service credit granted under this
 6 section may be used only in the computation of benefits to be paid
 7 after June 30, 2009, and only after the PERF board determines
 8 that the fund member is eligible for the service credit in the 1977
 9 fund.

10 (b) A fund member is entitled to receive service credit in the
 11 1977 fund for the active duty service described in subsection (a) if:

12 (1) the fund member pays in a lump sum or in a series of
 13 payments determined by the PERF board, not to exceed five
 14 (5) annual payments, the amount the fund member would
 15 have contributed to the 1977 fund, if the fund member had
 16 been a member of the 1977 fund during the active duty
 17 service; and

18 (2) the fund member's employer contributes to the 1977 fund
 19 the amount the PERF board determines necessary to amortize
 20 the active duty service liability over a period determined by
 21 the PERF board, but not more than ten (10) years.

22 (c) An amortization schedule for contributions paid under
 23 subsection (b)(1) or (b)(2) must include interest at a rate
 24 determined by the PERF board.

25 (d) A fund member who:

26 (1) terminates service before satisfying the requirements for
 27 eligibility to receive a retirement benefit payment from the
 28 1977 fund; or

29 (2) receives a retirement benefit for the same service from
 30 another retirement system, other than under the federal
 31 Social Security Act;

32 may withdraw the fund member's contributions made under this
 33 section plus accumulated interest after submitting to the 1977 fund
 34 a properly completed application for a refund.

35 (e) The following apply to the granting of service credit in the
 36 1977 fund under this section:

37 (1) The PERF board may not grant credit for the service if
 38 doing so would exceed the limitations set forth in Section 415

1 of the Internal Revenue Code.

2 (2) A fund member may not claim the service credit for
3 purposes of determining eligibility or computing benefits
4 unless the fund member has made all payments required
5 under subsection (b)(1).

6 (f) To the extent permitted by the Internal Revenue Code and
7 applicable regulations, the 1977 fund may accept, on behalf of a
8 fund member who is purchasing service credit under this section,
9 a rollover of a distribution from any of the following:

10 (1) A qualified plan described in Section 401(a) or 403(a) of
11 the Internal Revenue Code.

12 (2) An annuity contract or account described in Section 403(b)
13 of the Internal Revenue Code.

14 (3) An eligible plan that is maintained by a state, a political
15 subdivision of a state, or an agency or instrumentality of a
16 state or political subdivision of a state under Section 457(b) of
17 the Internal Revenue Code.

18 (4) An individual retirement account or annuity described in
19 Section 408(a) or 408(b) of the Internal Revenue Code.

20 (g) To the extent permitted by the Internal Revenue Code and
21 the applicable regulations, the 1977 fund may accept, on behalf of
22 a fund member who is purchasing service credit under this section,
23 a trustee to trustee transfer from any of the following:

24 (1) An annuity contract or account described in Section 403(b)
25 of the Internal Revenue Code.

26 (2) An eligible deferred compensation plan under Section
27 457(b) of the Internal Revenue Code.

28 (h) Notwithstanding any provision in this section, a fund
29 member is entitled to service credit and benefits in the amount and
30 to the extent required by the federal Uniformed Services
31 Employment and Reemployment Rights Act (38 U.S.C. 4301 et
32 seq.), including all amendments.

33 (i) Before implementing this section, the PERF board may
34 request from the Internal Revenue Service any rulings or
35 determination letters that the PERF board considers necessary or
36 appropriate.

37 SECTION 3. IC 36-8-8-8.5 IS ADDED TO THE INDIANA CODE
38 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY

1, 2009]: Sec. 8.5. (a) This section applies to a fund member who, after June 30, 2009, completes active service for which the 1977 fund gives credit.

(b) A fund member may purchase not more than two (2) years of service credit for the fund member's service on active duty in the armed services of the United States if the fund member meets the following conditions:

(1) The fund member has at least one (1) year of active service for which the 1977 fund gives credit.

(2) The fund member serves on active duty in the armed services of the United States for at least six (6) months.

(3) The fund member receives an honorable discharge from the armed services.

(4) Before the fund member applies to receive a retirement benefit payment, the fund member makes contributions to the 1977 fund as follows:

(A) Contributions that are equal to the product of the following:

(i) The salary of a first class patrolman or firefighter at the time the fund member actually makes a contribution for the service credit.

(ii) A rate, determined by the actuary of the 1977 fund, that is based on the age of the fund member at the time the fund member actually makes a contribution for service credit and is computed to result in a contribution amount that approximates the actuarial present value of the retirement benefit attributable to the service credit purchased.

(iii) The number of years of service credit the fund member intends to purchase.

(B) Contributions for any accrued interest, at a rate determined by the actuary of the 1977 fund, for the period from the fund member's initial membership in the 1977 fund to the date payment is made by the fund member.

(c) A fund member may not receive service credit under this section if the military service for which the fund member requests credit also qualifies the fund member for a benefit in a military or another governmental retirement system.

(d) A fund member who:

- (1) terminates service before satisfying the requirements for eligibility to receive a retirement benefit payment from the 1977 fund; or**
- (2) receives a retirement benefit for the same service from another retirement system, other than under the federal Social Security Act;**

may withdraw the fund member's contributions made under this section plus accumulated interest after submitting to the 1977 fund a properly completed application for a refund.

(e) The following apply to the purchase of service credit under this section:

- (1) The PERF board may allow a fund member to make periodic payments of the contributions required for the purchase of service credit. The PERF board shall determine the length of the period during which the payments are to be made.**
- (2) The PERF board may deny an application for the purchase of service credit if the purchase would exceed the limitations set forth in Section 415 of the Internal Revenue Code.**
- (3) A fund member may not claim the service credit for purposes of determining eligibility or computing benefits unless the fund member has made all payments required for the purchase of the service credit.**

(f) To the extent permitted by the Internal Revenue Code and applicable regulations, the 1977 fund may accept, on behalf of a fund member who is purchasing service credit under this section, a rollover of a distribution from any of the following:

- (1) A qualified plan described in Section 401(a) or 403(a) of the Internal Revenue Code.**
- (2) An annuity contract or account described in Section 403(b) of the Internal Revenue Code.**
- (3) An eligible plan that is maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or political subdivision of a state under Section 457(b) of the Internal Revenue Code.**
- (4) An individual retirement account or annuity described in**

1 Section 408(a) or 408(b) of the Internal Revenue Code.

2 (g) To the extent permitted by the Internal Revenue Code and
3 the applicable regulations, the 1977 fund may accept, on behalf of
4 a fund member who is purchasing service credit under this section,
5 a trustee to trustee transfer from any of the following:

6 (1) An annuity contract or account described in Section 403(b)
7 of the Internal Revenue Code.

8 (2) An eligible deferred compensation plan under Section
9 457(b) of the Internal Revenue Code.

10 (h) Notwithstanding any provision in this section, a fund
11 member is entitled to service credit and benefits in the amount and
12 to the extent required by the federal Uniformed Services
13 Employment and Reemployment Rights Act (38 U.S.C. 4301 et
14 seq.), including all amendments.

15 (i) Before implementing this section, the PERF board may
16 request from the Internal Revenue Service any rulings or
17 determination letters that the PERF board considers necessary or
18 appropriate."

19 Renumber all SECTIONS consecutively.

(Reference is to HB 1056 as introduced.)

and when so amended that said bill do pass.

Representative Crawford